



# **LOUISIANA RURAL AMBULANCE ALLIANCE**

## **2013 FINANCIAL REPORT**

**LOUISIANA RURAL AMBULANCE ALLIANCE**

**(A NOT FOR PROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2013 AND 2012**

## CONTENTS

	<u>Page</u>
<u>Independent Auditors' Report</u>	1 - 2
<u>Financial Statements</u>	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 10
<u>Supplementary Information</u>	
Schedules of Functional Expenses	11
Independent Auditors' Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	12 - 13
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	14 - 16
Schedule of Expenditures of Federal Awards – For the year ended December 31, 2013	17
Schedule of Findings and Questioned Costs	18 - 21
Schedule of Prior Findings and Responses	22
Corrective Action Plan	23 - 24

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Louisiana Rural Ambulance Alliance  
Napoleonville, Louisiana

**Report on the Financial Statements**

We have audited the accompanying financial statements of Louisiana Rural Ambulance Alliance (a nonprofit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Rural Ambulance Alliance as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

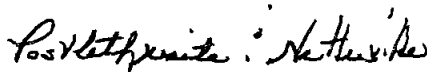
## ***Other Matters***

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedules of functional expenses on page 11 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2014, on our consideration of Louisiana Rural Ambulance Alliance's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Louisiana Rural Ambulance Alliance's internal control over financial reporting and compliance.



Donaldsonville, Louisiana

June 24, 2014

**LOUISIANA RURAL AMBULANCE ALLIANCE**  
**(A NOT FOR PROFIT ORGANIZATION)**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 188,209	\$ 909,530
Accounts receivable	239,681	389,644
Prepaid expenses	26,244	27,702
Investments	601,396	-
Buildings and equipment, net	<u>635,965</u>	<u>552,159</u>
 TOTAL ASSETS	 <u>\$ 1,691,495</u>	 <u>\$ 1,879,035</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Accounts payable	\$ 158,788	\$ 318,266
Salaries and payroll taxes payable	<u>-</u>	<u>855</u>
 TOTAL LIABILITIES	 158,788	 319,121
<b><u>NET ASSETS</u></b>		
Unrestricted	<u>1,532,707</u>	<u>1,559,914</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,691,495</u>	 <u>\$ 1,879,035</u>

The accompanying notes are an integral part of these statements.

**LOUISIANA RURAL AMBULANCE ALLIANCE**  
**(A NOT FOR PROFIT ORGANIZATION)**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b><u>REVENUES AND OTHER SUPPORT</u></b>		
Public Support		
Grants and contracts with government agencies	\$ 810,103	\$ 7,834,842
Other Revenue		
Membership dues	-	67,975
Educational events and training	17,305	500
Interest and dividend income	2,219	55
Net unrealized gains on investments	12,145	-
Gain on sale of investments	2,708	-
Miscellaneous	1,279	1,567
Total revenues and other support	<u>845,759</u>	<u>7,904,939</u>
<b><u>EXPENSES</u></b>		
Program services		
Grants and contracts	498,919	6,786,979
Member services	71,122	121,065
Conferences and educational services	2,366	-
Support services		
General and administrative	<u>300,559</u>	<u>257,998</u>
Total expenses	<u>872,966</u>	<u>7,166,042</u>
Change in unrestricted net assets	(27,207)	738,897
Unrestricted net assets at beginning of year	<u>1,559,914</u>	<u>821,017</u>
Unrestricted net assets at end of year	<u>\$ 1,532,707</u>	<u>\$ 1,559,914</u>

The accompanying notes are an integral part of these statements.

**LOUISIANA RURAL AMBULANCE ALLIANCE**  
**(A NOT FOR PROFIT ORGANIZATION)**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ (27,207)	\$ 738,897
Adjustments to reconcile change in net assets (used in) operating activities:		
Depreciation	164,851	157,416
Net property and equipment losses	48,287	-
Net investment gains	(326)	-
Unrealized gains on investments	(12,145)	-
(Increase) decrease in accounts receivable	149,963	(331,686)
(Increase) decrease in prepaid expenses	1,458	(24,083)
Increase (decrease) in accounts payable	(159,478)	304,189
Decrease in salaries and accrued benefits payable	(855)	(730)
Decrease in deferred revenue	-	(13,775)
Net cash provided by operating activities	<u>164,548</u>	<u>830,228</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchases of buildings and equipment	(296,944)	(96,540)
Purchases of investments	(615,116)	-
Proceeds from sales of investments	<u>26,191</u>	<u>-</u>
Net cash used in investing activities	<u>(885,869)</u>	<u>(96,540)</u>
Net decrease in cash and cash equivalents	(721,321)	733,688
Cash and cash equivalents at beginning of year	<u>909,530</u>	<u>175,842</u>
Cash and cash equivalents at end of year	<u>\$ 188,209</u>	<u>\$ 909,530</u>

The accompanying notes are an integral part of these statements.



**LOUISIANA RURAL AMBULANCE ALLIANCE**  
**(A NOT FOR PROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies**

- A. The Louisiana Rural Ambulance Alliance (the Alliance) is a non-profit organization formed on September 8, 1995 to promote the ambulance industry in the State of Louisiana. To accomplish this purpose the Alliance engages in educational and legislative activities on behalf of its members.
- B. To ensure proper usage of restricted and unrestricted assets, the Alliance maintains its accounts according to generally accepted accounting principles, whereby funds are classified in accordance with specified restrictions or objectives.
- C. Buildings and equipment are recorded at cost and are being depreciated using the straight-line methods over their estimated useful lives as follows:
- |                 |               |
|-----------------|---------------|
| Buildings       | 30 - 40 years |
| Other equipment | 5 - 10 years  |
- D. Management considers accounts receivable that are more than 30 days old to be past due and uncollectible. No reserve for uncollectible accounts has been established. Management has determined that all receivables as of year end are collectible.
- E. The majority of the Alliance's revenue is derived from third-party reimbursement arrangements. These revenues and the allowability of the related expenditures are subject to approval by the granting agencies.
- F. The Alliance reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. The Alliance has no temporary or permanently restricted net assets at December 31, 2013.

The Alliance reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Alliance reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

**LOUISIANA RURAL AMBULANCE ALLIANCE**  
**(A NOT FOR PROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS**

1. **Summary of Significant Accounting Policies** (continued)

- G. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- H. The Alliance considers all cash accounts, money market funds and all highly liquid deposits with a maturity of three months or less when purchased to be cash and cash equivalents.
- I. Investments in marketable securities with readily determinable fair values are valued at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets.
- J. The Alliance accounts for income taxes in accordance with income tax accounting guidance included in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

The Alliance is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Therefore, the Alliance has not recorded a provision for income taxes in the accompanying financial statements and the Alliance does not have any uncertain tax positions. The Alliance files a federal income tax return under U.S. federal jurisdiction. With few exceptions, the Alliance is no longer subject to U.S. federal examinations by tax authorities for the year before 2009.

- K. Expenses are charged directly to programs in categories based on specific identification. Indirect expenses have been allocated based on amounts approved by the respective contracts.

2. **Buildings and Equipment**

Buildings and equipment at December 31, 2013 consist of the following:

	2013	2012
Building	\$ 105,255	\$ 105,255
Furniture and equipment	1,292,426	1,198,494
	1,397,681	1,303,749
Less: Accumulated depreciation	(761,716)	(751,590)
	<u>\$ 635,965</u>	<u>\$ 552,159</u>

Depreciation expense was \$164,851 and \$157,416 for the years ended December 31, 2013 and 2012, respectively.

**LOUISIANA RURAL AMBULANCE ALLIANCE**  
**(A NOT FOR PROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS**

**3. Contributions from Government Agencies**

Contributions from government agencies for the years ended December 31, 2013 and 2012 consist of the following:

	2013	2012
Department of Health and Hospitals – EMS Allocation Fund	\$ 233,405	\$ 216,935
Department of Health and Hospitals – HRSA – ERHIT	324,016	289,410
Department of Health and Hospitals – Surge Contract	103,414	7,308,492
Louisiana Emergency Response Network	-	20,005
Total	<u>\$ 810,103</u>	<u>\$ 7,834,842</u>

**4. Line of Credit**

The Alliance entered into an open line of credit in the amount of \$100,000 maturing October 9, 2015, of which \$100,000 was unused for the year ended December 31, 2013. The line bears simple interest assessed on a variable rate basis at one percentage point over the prime rate of interest (as published in the money rate section of the Wall Street Journal). The line is secured by all securities and other investment property held with Iberia Bank Wealth Advisors.

**5. Fair Values of Financial Instruments**

In accordance with the Fair Value Measurements and Disclosure topic of FASB ASC, disclosure of fair value information about financial instruments, whether or not recognized in the statements of financial position is required. Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instruments. Therefore, the aggregate fair value amounts presented do not represent the underlying value of the Alliance.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

In accordance with this guidance, the Alliance groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

**LOUISIANA RURAL AMBULANCE ALLIANCE**  
**(A NOT FOR PROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS**

5. **Fair Values of Financial Instruments** (continued)

- Level 1 – Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2 – Valuation is based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
- Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following methods and assumptions were used by the Alliance in estimating its fair value disclosures for financial instruments:

*Securities*

Securities are classified within Level 1 where quoted market prices are available in an active market. Inputs include securities that have quoted prices in active markets for identical assets. If quoted market prices are unavailable, fair value is estimated using pricing models or quoted prices of securities with similar characteristics, at which point the securities would be classified within Level 2 of the hierarchy.

The following table presents for each fair value hierarchy levels, of the Alliance's financial assets and liabilities that are measured at fair value on a recurring basis.

	Level 1	Level 2	Level 3
December 31, 2013			
Equity securities	\$ 338,357	\$ -	\$ -
Fixed income securities	263,039	-	-
	<u>\$ 601,396</u>	<u>\$ -</u>	<u>\$ -</u>

**LOUISIANA RURAL AMBULANCE ALLIANCE**  
**(A NOT FOR PROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS**

6. **Subsequent Events**

In preparing the financial statements, Louisiana Rural Ambulance Alliance has evaluated events and transactions for potential recognition or disclosure through June 24, 2014, and has determined that no events occurred that require disclosure.

**SUPPLEMENTARY INFORMATION**

**LOUISIANA RURAL AMBULANCE ALLIANCE**

**(A NOT FOR PROFIT ORGANIZATION)**

**SCHEDULES OF FUNCTIONAL EXPENSES**

**YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<b>Program Services</b>				<b>Support Services</b>	<b>Memorandum Only 2012</b>	
	<b>Grants and Contracts</b>	<b>Member Services</b>	<b>Conferences and Educational Services</b>	<b>Total</b>	<b>General and Administrative</b>	<b>Total Expenses</b>	<b>Total</b>
Salaries	\$ 89,411	\$ 17,797	\$ -	\$ 107,208	\$ -	\$ 107,208	\$ 105,747
Employee benefits	-	-	-	-	-	-	3,845
Committees and memberships	2,646	10,102	-	12,748	760	13,508	7,062
Continuing education	-	-	-	-	-	-	-
Contract services	197,991	750	-	198,741	56,496	255,237	6,586,198
Insurance	-	-	-	-	7,913	7,913	8,194
Interest and bank charges	-	-	-	-	1,172	1,172	34
Meals and entertainment	-	2,286	118	2,404	-	2,404	1,493
Miscellaneous	13,746	2,464	1,628	17,838	48,677	66,515	21,824
Office expense	-	1,015	-	1,015	290	1,305	1,778
Postage	-	486	-	486	-	486	45
Professional services	20,240	29,459	-	49,699	6,590	56,289	122,174
Rent	6,000	-	-	6,000	-	6,000	6,250
Repairs and maintenance	75,169	-	-	75,169	-	75,169	50,454
Supplies	72,162	-	-	72,162	3,769	75,931	56,953
Taxes and licenses	-	-	-	-	4,631	4,631	1,279
Telephone	373	-	-	373	-	373	983
Travel and lodging	21,181	6,763	620	28,564	2,047	30,611	31,210
Utilities	-	-	-	-	3,363	3,363	3,103
Total expenses before depreciation	498,919	71,122	2,366	572,407	135,708	708,115	7,008,626
Depreciation of buildings and equipment	-	-	-	-	164,851	164,851	157,416
Total Expenses	<u>\$ 498,919</u>	<u>\$ 71,122</u>	<u>\$ 2,366</u>	<u>\$ 572,407</u>	<u>\$ 300,559</u>	<u>\$ 872,966</u>	<u>\$ 7,166,042</u>

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Louisiana Rural Ambulance Alliance  
Napoleonville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Louisiana Rural Ambulance Alliance (a nonprofit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, and cash flows for the two years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 24, 2014.

**Internal Control over Financial Reporting**

In planning and performing our audits of the financial statements, we considered Louisiana Rural Ambulance Alliance's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Rural Ambulance Alliance's internal control. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Rural Ambulance Alliance's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting. This deficiency is described in item 2013-01.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Louisiana Rural Ambulance Alliance's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

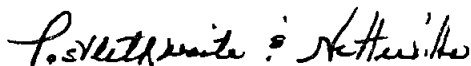
We noted certain matters that we reported to management of Louisiana Rural Ambulance Alliance in a separate letter dated June 24, 2014.

### **Louisiana Rural Ambulance Alliance's Response to Findings**

The Alliance's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Alliance's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Donaldsonville, Louisiana  
June 24, 2014

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Directors  
Louisiana Rural Ambulance Alliance  
Napoleonville, Louisiana

**Report on Compliance for Each Major Federal Program**

We have audited Louisiana Rural Ambulance Alliance's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Louisiana Rural Ambulance Alliance's major federal programs for the year ended December 31, 2013. Louisiana Rural Ambulance Alliance's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Louisiana Rural Ambulance Alliance's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Louisiana Rural Ambulance Alliance's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Louisiana Rural Ambulance Alliance's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Louisiana Rural Ambulance Alliance complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2013-02 and 2013-03. Our opinion on each major federal program is not modified with respect to these matters.

Louisiana Rural Ambulance Alliance's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Louisiana Rural Ambulance Alliance's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of the Louisiana Rural Ambulance Alliance is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Louisiana Rural Ambulance Alliance's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Louisiana Rural Ambulance Alliance's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Donaldsonville, LA*

Donaldsonville, LA  
June 24, 2014.

**LOUISIANA RURAL AMBULANCE ALLIANCE**  
**(A NOT FOR PROFIT ORGANIZATION)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

Federal Grantor/Passthrough Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's/Project Number	Total Current Year Expenditures
PASS-THROUGH PROGRAMS:			
U.S. Department of Health & Human Services			
LA Department of Health and Hospitals			
National Bioterrorism Hospital Preparedness Program			
Grant Period 10/1/12 - 9/30/13	93.889		\$ 163,374
Grant Period 10/1/13 - 9/30/14	93.889		40,621
Reallocation	93.889		8,193
Reallocation 2	93.889		21,217
Subtotal National Bioterrorism Hospital Preparedness Program			<u>233,405</u>
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program			
Grant Period 10/1/12 - 9/30/13	93.912		281,786
Grant Period 10/1/13 - 9/30/14	93.912		42,230
			<u>324,016</u>
Louisiana Division of Administration			
Surge Emergency Medical Transportation Ground and Air	93.409253	409253	103,414
National Highway Traffic Safety Administration (NHTSA)			
State Traffic Safety Information System Improvement Grants			
LA Department of Transportation			
Project No. 2014-42-62	20.610	2014-42-62	149,268
Totals			<u><u>\$ 810,103</u></u>

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Louisiana Rural Ambulance

**NOTE B - RECONCILIATION OF FEDERAL REVENUES TO FEDERAL EXPENDITURES**

The federal revenues are recognized in the financial statements as follows:

Grants and contracts with government agencies	\$ 810,103
Federal expenditures per Schedule of Expenditures of Federal Awards	<u><u>\$ 810,103</u></u>

**LOUISIANA RURAL AMBULANCE ALLIANCE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED DECEMBER 31, 2013**

**SECTION I - SUMMARY OF AUDIT RESULTS**

*Financial Statements*

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness identified? ☐ yes ☒ no
- Significant deficiency identified that is not considered to be material weaknesses? ☒ yes ☐ no

Noncompliance material to financial statements noted?

☐ yes ☒ no

*Federal Awards*

Internal control over major programs:

- Material weakness identified? ☐ yes ☒ no
- Significant deficiency identified that is not considered to be material weaknesses? ☐ yes ☒ no

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

☒ yes ☐ no

Identification of major program:

CFDA Number

Name of Federal Program or Cluster

93.912  
93.409253

Rural Health Information Technology Network Development  
Surge Emergency Medical Transportation Ground and Air

Dollar threshold used to distinguish between Type A  
Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

☐ yes ☒ no

**LOUISIANA RURAL AMBULANCE ALLIANCE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED DECEMBER 31, 2013**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**MATERIAL WEAKNESSES**

None

**SIGNIFICANT DEFICIENCIES**

**2013-01     Adjustments and Misclassifications**

*Criteria:* Revenue and expenses should be recorded in the proper period to allow for proper reporting.

*Condition:* Adjustments were made for revenue and expenses that were not recorded in the proper period.

*Cause:* There are no controls in place to verify that revenue and expenses are recorded in the proper period.

*Effect:* Adjustments are required to be made to the financial records in order for the financial results to be properly reflected in the financial statements.

*Recommendation:* Revenue and expenses should be recorded in the proper periods.

*Management's Response:* We will record revenue and expenses in the proper period.

**COMPLIANCE WITH LAWS AND REGULATIONS**

None

# **LOUISIANA RURAL AMBULANCE ALLIANCE**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED DECEMBER 31, 2013**

### **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

#### **Rural Health Information Technology Network Development CFDA No. 93.912**

##### **2013-02 Reporting**

*Criteria:* According to the Funding Announcement for the program, there are several reporting requirements at various times during the life of this funding period. Two of the requirements include a quarterly filing of the Federal Financial Report (FFR) Cash Transaction Report within 30 days of the end of each calendar quarter. Also, the Federal Financial Report (SF-425) is required to be filed within 90 days of the end of each budget period.

*Condition:* The Alliance did not submit reports within the required time periods. The FFR Cash Transactions Report for the quarter ending September 30, 2013 was not submitted within the 30 day requirement. The Federal Financial Report (SF-425) for the budget period of September 1, 2012 through August 31, 2013 was not submitted within the 90 day requirement.

*Cause:* The current controls in place did not ensure monitoring of this requirement.

*Effect:* The failure to comply with these reporting requirements may result in the ability to access federal awards.

*Recommendation:* The Alliance should establish appropriate monitoring procedures to ensure compliance with all reporting requirements.

*Management's Response:* We will establish appropriate monitoring procedures to ensure compliance with all reporting requirements.

##### **2013-03 Suspension and Debarment**

*Criteria:* According OMB guidance, non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. 'Covered transactions' include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000.

*Condition:* The Alliance did not verify that the entity was not suspended or debarred from doing business. This verification can be accomplished by checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration, by collecting a certification from the entity, or by adding a clause or condition to the covered transaction with that entity.



**LOUISIANA RURAL AMBULANCE ALLIANCE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED DECEMBER 31, 2013**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (continued)**

**Rural Health Information Technology Network Development (continued)**  
**CFDA No. 93.912**

**2013-03    Suspension and Debarment (continued)**

*Cause:* There are no controls in place to ensure monitoring of this requirement.

*Effect:* The failure to comply with suspension and debarment requirements is a violation of the program's compliance requirements.

*Recommendation:* The Alliance should establish appropriate monitoring procedures to ensure compliance with suspension and debarment requirements.

*Management's Response:* We will establish appropriate monitoring procedures to ensure compliance with suspension and debarment requirements.

**LOUISIANA RURAL AMBULANCE ALLIANCE**

**SCHEDULE OF PRIOR FINDINGS AND RESPONSES**

**YEAR ENDED DECEMBER 31, 2013**

**FINANCIAL STATEMENT FINDINGS**

**MATERIAL WEAKNESSES**

None

**SIGNIFICANT DEFICIENCIES**

**2012-01     Adjustments and Misclassifications**

*Finding:* Adjustments were made for revenue and expenses that were not recorded in the proper period. Additionally, adjustments were made for reclassifications of expenses that should have been capitalized as well as expenses that were not properly segregated as to allow for proper reporting in the financial statements.

*Current Status:* A similar finding was noted in the current year.

**COMPLIANCE WITH LAWS AND REGULATIONS**

None



# Louisiana Rural Ambulance Alliance

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P.O. Box 242 ♦ Plattenville, LA 70393 ♦ 5010 Hwy 1 ♦ Napoleonville, LA 70390  
985-513-3593 ♦ [www.louisianaambulancealliance.org](http://www.louisianaambulancealliance.org)

## CORRECTIVE ACTION PLAN

June 24, 2014

Louisiana Legislative Auditor

Louisiana Rural Ambulance Alliance respectfully submits the following corrective action plan for the year ended December 31, 2013.

Name and address of independent public accounting firm:

Postlethwaite & Netterville, APAC

P. O. Box 1190

Donaldsonville, LA 70346

Financial Statement Period: January 1, 2013 – December 31, 2013

The findings from the Schedule of Findings and Responses and Management Letter are discussed below. The findings are numbered consistently with the numbers assigned in the Schedule of Findings and Responses and the Management Letter.

### SIGNIFICANT DEFICIENCIES

**2013-01**

#### **ADJUSTMENTS AND MISCLASSIFICATIONS**

*Finding:* Adjustments were made for revenue and expenses that were not recorded in the proper period.

*Responsible Personnel:* Brooke Campo, Eric Miller, Donna Newchurch (oversight)

*Action Taken:* We will record revenue and expenses in the proper period.

## FEDERAL AWARD FINDINGS AND QUESTION COSTS

### **2013-02      REPORTING**

Finding: Two reports were not filed timely.

Responsible Personnel: Donna Newchurch

Action Taken: We will establish reminder system for submission of reports.

### **2013-03      SUSPENSION AND DEBARMENT**

Finding: The Alliance did not verify that three vendors had not been suspended or debarred from doing business.

Responsible Personnel: Donna Newchurch

Action Taken: We will establish verify that all vendors receiving in excess of \$25,000.00 have not been suspended or debarred.

### **ML 2013-01      FINANCIAL RECORDS**

*Finding:* While it was apparent that expenses were appropriately paid and recorded by the Alliance, inconsistencies in supporting documentation may lead to confusion in regards to which entity is responsible for the respective expense.

*Responsible Personnel:* Brooke Campo, Donna Newchurch, EMS Providers

*Action Taken:* We will ensure that expenses are supported by appropriate documentation.

The above corrective action plan addresses the current year findings. If you need additional information concerning the corrective action plan, please contact Donna Newchurch, CEO, P. O. Box 242, Plattenville, LA 70393.

Donna Newchurch  
Chief Executive Officer  
Louisiana Rural Ambulance Alliance

To the Board of Directors  
Louisiana Rural Ambulance Alliance  
Napoleonville, Louisiana

We have audited the financial statements of the Louisiana Rural Ambulance Alliance (LRAA) for the years ended December 31, 2013 and 2012, and have issued our report thereon dated June 24, 2014. Professional standards suggest that we provide you with the following information related to our audit.

As stated in our engagement letter dated March 8, 2014, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the LRAA. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure. During the course of the performance of our audit procedures and documentation of the LRAA's internal controls, we noted certain immaterial items that have been communicated to management by way of discussion. The following is a description of items that were of such significance to comment in a formal management letter.

**ML 2013-01**

**FINANCIAL RECORDS**

**Finding:**

In the performance of our audit procedures, it was noted that several invoices were addressed to another related entity. Management indicated that the expenses were appropriately recorded by the Alliance and were for the benefit of the Alliance. The invoices were inadvertently sent to the LRAA with incorrect names. The Alliance uses internally generated forms to request payment for invoices submitted. In some cases, the form included the name of a related entity. It was apparent that the expense was appropriately paid and recorded by the Alliance. Such inconsistencies may lead to confusion in regards to which entity is responsible for the respective expense. Additionally, an investment account was opened and a line of credit was initiated for the LRAA during the year under an incorrect name and federal identification number of a related entity.

**Recommendation:** The appropriate entity name and federal identification number should be used for all transactions for the LRAA.

This information is intended solely for the use of the board of directors and management of the Louisiana Rural Ambulance Alliance and should not be used for any other purpose.

*P. Stithman - Nashville, TN*

Donaldsonville, Louisiana  
June 24, 2014